INTERNAL MEMORANDUM

To: Members of the 2012 TIF Study Commission

From: Brooke Thomas, Senior Planner

CC: Maury Plambeck, Michael Peoni

Subject: Tax Increment Financing, Peer Cities Case Study Research

Date: April 12, 2012

The purpose of this memorandum is to describe initial findings regarding Tax Increment Financing in peer cities across the Midwest. For the purposes of this research, the following communities are considered to be peer cities: Columbus, Cincinnati, and Cleveland, Ohio; Kansas City and Saint Louis, Missouri; Nashville, Tennessee; Charlotte, North Carolina; and Milwaukee, Wisconsin. The following pages review practices, procedures, and lessons learned in these communities specifically. Additionally, this memorandum highlights the *State of Tax Increment Finance* at a national level.

Columbus, Ohio

The City of Columbus, Ohio classifies Tax Increment Financing funds as "Debt Service Funds." They are "used to account for the accumulation of resources for and payment of general obligation principal, interest, and related expenditures." There are two other Debt Service Funds administered by the city, they are: Recreation Debt Service Funds, and Capital South Debt Service Funds.

Redevelopment? Economic Development? Both? Both.

Who Approves the TIF? City Council has final approval while the Department of Development initiates the process.

How they work, generally. There are two types per Ohio Revised Code: 1) Project TIFs, were established on or before December 14, 2011. They excluded residential uses and all TIF monies had to directly benefit each parcel. 2) TIF Incentive Districts, which include all property classes, have been in place since December 13, 2011. TIF Incentive Districts can be used to fund public infrastructure improvements anywhere within the district, even if the public infrastructure does not directly benefit every parcel within the district.

All districts, project and incentive, in Columbus are "non-school" TIFs, meaning that schools get their money first and then the rest of the increment goes into the applicable TIF fund. All but one of the City's 58 TIF Districts have a 30-year lifetime. The city does sell bonds for larger districts and then pay for the service bonds from the TIF money.

How many do they have? There are 58 districts that have been legislated. There are a few more recent TIF districts awaiting approval. As a result, there currently isn't any money flowing into pending districts. According to the TIF Manager/Coordinator, Lee Hennick, the vast majority of TIFs in Columbus are "winners." There are 5 or 6 of the 58 where development simply never took off. In these instances, the City will be looking into what to do with the TIF increment that has been collected.

Most recently adopted TIF district? End of 2011.

Any currently pending? Yes. One new one in progress, likely 4 or 5 others later this year (2012).

HoTIFs? This is the same as "TIF Incentive District," which does not discriminate between uses.

Overall Benefit? Are these things that would have occurred otherwise? Yes, very beneficial. It is projected that there will be $3.8B in private investment since 1996 when the first TIF was established: $2.7B has already been obtained. Because the schools get their money first, this makes nearly everyone happy, and something gets built/re-built in areas that really need it.

Lessons learned? According to Mr. Hennick, TIF Districts are not losers: not like Enterprise Zones where the math doesn't always work out as estimated. Because TIF Districts are a function of the assessed value, there typically is nowhere to go but up. Mr. Hennick explained that the City isn't going to lose money even if they partner on the infrastructure. City of Columbus has had very little opposition to tax increment financing.

Sources:
City Auditor publication
City of Columbus 2011 Budget publication
Department of Development: (614)645-7795
Vince Papsidero, Planning Administrator, Planning Division: (614)645-8036
*Lee Hennick, TIF Manager/Coordinator (614)645-8031**
Ohio Revised Code

Cincinnati, Ohio

Tax Increment Financing revenues in Cincinnati are often used to fund public improvements designed to spur private development. According to city policy, the primary purpose of Tax Increment Financing is to "provide an incentive for commercial and residential developers to construct projects that will provide economic growth in the City."

Redevelopment? Economic Development? Both? TIF is used for economic and community development. According to the City's website, projects must meet one or more of the following objectives: job creation; public improvements in support of economic and/or community development; increase in tax base; urban redevelopment; creation of homeownership units; rehabilitated housing units; create/support neighborhood retail and commercial opportunities; use of green building techniques to LEED standards; and/or the removal of slum/blight.

Who Approves the TIF? City Council.

How they work, generally. In general, tax increment financing is one financing option that may be used to facilitate a public purpose and alleviate a defined financial need. It is not viewed as a developer entitlement. In addition to creating districts, the City Council may specially approve a private development to use TIF funding of a related public improvement in areas outside of designated TIF districts. In this case, TIF funds are available only in the amount of future increased tax revenues that can be expected as a result of the private investment. These are "TIF Economic Development Projects" (versus TIF Districts). According to Bill Fischer, Interim Economic Development Director, the Economic Development Department handles all non-residential or mixed-use TIF, and the Community Development Department handles all residential TIF.

How many do they have? 20

Most recently adopted TIF district? 2005 (second group). The first group was created in 2003.

Any currently pending? No, according to Mr. Fischer, a change in legislation to the method school districts are funded when there is a TIF district makes new TIF districts no longer very useful in [Cincinnati].

HoTIFs? The City of Cincinnati does not distinguish between housing and economic development TIF districts. State law allows specific uses of the funding for each type of development. Within a district projects are funded based on priority. Local ordinances direct the administration to use the majority of the funding (75%) toward economic development.

Overall Benefit? Are these things that would have occurred otherwise? Yes, but of the 20 districts only about 5 or 6 actually produce enough revenue to allow significant redevelopment. However, in those 5 or 6 districts, major projects have occurred that would not have been able to be financed using conventional methods.

Lessons learned? *None given*

Sources:
City of Cincinnati Website
Economic Development Website
*Bill Fischer, Interim Economic Development Director: (513)352-3785**
TIF Districts Map

Cleveland, Ohio

While the City of Cleveland, Ohio considers Tax Increment Financing as an "economic development tool that allows a municipality to re-direct new incremental real-property taxes on large scale projects," and although they have two TIF districts, according to their Director of Economic Development, Tracey Nichols, Cleveland "does not use TIF districts."

Ms. Nichols explained that there were two TIF districts/projects completed during a prior administration, adding that the TIF districts/projects were in support of a downtown project. However, that was over six years ago. They are currently very short staffed - to the extent that there is no one in their office that worked on the existing TIF districts/projects. As a result, there is no one with specific knowledge about TIF Districts in the City of Cleveland.

Redevelopment? Economic Development? Both? Neither, currently.

Who Approves the TIF? City Council. The city's Economic Development and Technology Team in the Department of Economic Development would have been the administrator of this development incentive.

How they work, generally. They do not use them currently, nor does anyone at the Department have institutional knowledge of how they work.

How many do they have? Two, which were completed by a previous administration for downtown project support.

Most recently adopted TIF district? There hasn't been a TIF created in over six years.

Any currently pending? None.

HoTIFs? Unknown.

Overall Benefit? Are these things that would have occurred otherwise? Unknown.

Lessons learned? Unknown.

Sources:
City of Cleveland Website
TIF Districts Generally, Contact: (216)664-2202
*Tracey A. Nichols, Director of the Department of Economic Development: (216)664-2406**

Kansas City, Missouri

The City of Kansas City, Missouri considers Tax Increment Financing to be a "financing and development tool that allows future real property taxes and other taxes generated by new development to pay for costs of construction of public infrastructure and other improvements." Furthermore, "TIF encourages development of blighted, substandard and economically underutilized areas that would not be developed without public assistance." "TIF can only be used for redevelopment projects that would not be reasonably expected to occur without the assistance of TIF (the 'but for' test.)"

Redevelopment? Economic Development? Both? Both. Area types include: blight, conservation, and economic development.

Who Approves the TIF? TIF Commission and City Council.

How they work, generally. Property taxes are frozen for up to 23 years. Increases in city and county taxes due to new construction, rehabilitation and infrastructure improvements from the project are abated for up to 23 years. Property owners make PILOTS (Payments in Lieu of Taxes) for the amount of the taxes abated, to a special allocation fund as well as 50% of all local Economic Activity Taxes (EATs) generated within the project area. EATS include sales, utility, and earnings taxes. These funds are used to reimburse the developer for approved project costs. Any overages in PILOTS are reallocated to the appropriate taxing districts.

How many do they have? *Information unavailable at time of publication*

Most recently adopted TIF district? *Information unavailable at time of publication*

Any currently pending? *Information unavailable at time of publication*

HoTIFs? *Information unavailable at time of publication*

Overall Benefit? Are these things that would have occurred otherwise? *Information unavailable at time of publication*

Lessons learned? *Information unavailable at time of publication*

Sources:
Missouri Revised Statutes, Section 99.845.3
Economic Development Corporation of Kansas City
Tax Increment Financing Commission
Jill Quinn

Saint Louis, Missouri

The City of Saint Louis, Missouri considers Tax Increment Financing as a "development tool designed to help finance certain eligible improvements to property in designated redevelopment areas (TIF Districts) by utilizing the new, or incremental, tax revenues generated by the project after completion."

Redevelopment? Economic Development? Both? Being that the City of Saint Louis (unlike the surrounding county) has no virgin land, everything is focused on redevelopment with the hopes that economic development will result from the redevelopment effort.

Who Approves the TIF? Everything originates with the TIF Commission (7 members: 5 appointed by the Mayor, 1 by the School District, 1 representing all other taxing districts), which then makes a recommendation to the Board of Aldermen[1] for the ultimate decision.

How they work, generally. Property taxes within a TIF District are frozen for up to 23 years, the property owners then make Payments in Lieu of Taxes (PILOTS) to a special allocation fund. Additionally, 50% of any new local Economic Activity Taxes (EATS) is captured resulting in local sales taxes, earnings, and payroll taxes to be paid into the special allocation fund. The proceeds of the special allocation fund are then used to reimburse the developer for eligible project costs or to retire indebtedness incurred to cover those costs.

While Kansas City uses TIF primarily for multi-property TIF Districts, St. Louis uses TIF almost exclusively for single-buildings.

How many do they have? The City of Saint Louis has 135 TIFs; however, only a few of these are of the multi-property type.

Most recently adopted TIF district? 2011. They do some every year; during the 80s and 90s they would do as many as 30 each year.

Any currently pending? There are two pending.

HoTIFs? Yes. Unlike non-residential TIFs (which capture all real estate increment, and half of the earnings, half of sales, half of utility increment) residential TIFs only capture the real estate increment.

Overall Benefit? Are these things that would have occurred otherwise? According to Dale Ruthsatz, Director of Commercial Development, the overall benefit is great. Not a lot of controversy in the City[2] – because there are so few (franchise) retail establishments within the city limits. If a retail establishment wanted to locate in the city limits, no one would accuse them of stealing from the surrounding suburbs.

Lessons learned? The City has a goal of never contributing more than 15% of the total project costs to the TIF. They do not want to over commit to any one TIF fund. According to Mr. Ruthsatz, they are really diligent about applying the "but for" test. Many of their projects layer incentive upon incentive (e.g. TIF + historic tax credit + etc.), which they are happy with; they just recognize that some communities might not be as accepting of this practice. Often this layering of incentives results in a project that doesn't have that much equity in it - a developers dream. From an outsider's viewpoint, they understand that it may be

[1] The law making body of the City of St. Louis is the Board of Aldermen. There are twenty-eight aldermen, one from each ward in the City and a President.

[2] There are 92 suburban communities in Saint Louis County, and most of the TIF districts outside of the city limits are stand-alone retail. There is a great deal of concern that if one suburban municipality approves a TIF for a big box retailer, that the same big box retailer will simply move from one suburb to the next. There is a lot of controversy related to this: cannibalization. The City of Saint Louis doesn't have a lot of stand-alone retail, but they do have some mixed-use which tend to have mom and pop retail establishments versus large chains.

seen as "overdoing it." However, they have found that this is one way to make old buildings/underutilized properties competitive with undeveloped land. It is also beneficial in overcoming the financial hurdle of assembling land in an urbanized area.

Sources:
Business Development website
*Dale Ruthsatz, Director of Commercial Development: (314)259-3424**

Nashville, Tennessee

In Nashville, Tennessee, TIF is a "financing mechanism authorized by state law whereby the increased tax revenue generated by a development is used to pay the debt service on bonds issued for the construction of the project, which bonds are typically purchased by private financial institutions."

- **Redevelopment? Economic Development? Both?** By law, they are for redevelopment only. Economic development is considered a by-product. Redevelopment areas must be blighted areas where "blight" means extreme dilapidation. This is somewhat limiting in terms of moving forward with TIF.
- **Who Approves the TIF?** Projects originate with the Housing Authority, and then they are authorized by Metro Council (which has 40 members).
- **How they work, generally.** "The Metropolitan Government is essentially giving up its right to the future increased tax revenues generated by the facility for as long as the TIF is outstanding, or up to 30 years, whichever occurs first." Because each project is independent, they can estimate 10% of the project cost for TIF allocation. They <u>do not</u> issue bonds. Instead, developers have to get traditional loans through a financial institution. The developer negotiates the loan and is the insurer. The City's only obligation to the loan is to pass on the incremental taxes when paid. There is no liability on the part of the city otherwise: they act as a fiduciary agent of sorts. Mr. Cain considers this approach to TIF to be "very conservative." He added that the State Legislature is peculiar, and that they are still tweaking the legislation in response to the Kelo Decision[3].
- **How many do they have?** The City of Nashville has 10 TIF Districts; the majority of which are in the Central Business District – by design. Of these, only eight have TIF funds remaining. In Nashville, once the intended public infrastructure projects are complete and all debts have been paid, the TIF increment is dispersed to the applicable taxing agencies and all that remains under the control of the Housing Authority is the control of the uses within the TIF, for the duration of the TIF.
- **Most recently adopted TIF district?** 2008.
- **Any currently pending?** Not at this time. According to Mr. Cain, they currently have their hands full with what they have.
- **HoTIFs?** According to Mr. Cain, the city has had "huge success" with respect to housing redevelopment using tax increment financing. A market study done eight years ago launched a residential boom in the downtown. Including affordable housing.
- **Overall Benefit? Are these things that would have occurred otherwise?** Again, according to Mr. Cain, they have been "very successful." TIF is not an entitlement. Pro forma's are reviewed and the community benefit is measured for reasonableness. They will also pause and take a look at what downtown needs at the point in time when a district/project is proposed. For example, would a proposed hotel benefit the brand new convention center?
- **Lessons learned?** According to Mr. Cain, the most valuable thing is finding a way to take the citizens' risk out of it, thereby protecting the public's interest. He also feels it is important not to dilute the incentive by having so many TIF districts that they begin cannibalizing each other. For comparison purposes, the City of Chicago has over 120 TIF Districts which together account for

3 Kelo v. City of New London was decided by the U.S. Supreme Court involving the use of eminent domain to transfer land from one private owner to another to further economic development. Privately owned real property can be used as part of a comprehensive redevelopment plan resulting in job creation and increased tax revenues. The findings stated that the general benefits a community enjoys from economic growth qualified the City's redevelopment plan as a permissible public use under the Takings Clause of the Fifth Amendment.

nearly 30% of the city's land area. He stresses that a city's job should be to figure out where it really wants redevelopment and economic development to occur: what areas, not what parcels. He would advise that city leaders look at the big picture and answer the question, "where is the biggest problem/opportunity?" and focus TIF efforts there. He further suggests that a city find some other way to do "one-off" projects that have no greater public purpose.

Sources:
Metropolitan Nashville Council Analysis Report, 2007
Matt Wiltshire, Director, Economic and Community Development, (615)862-6021
*Joe Cain, Director of Development (615)252-8404**

Milwaukee, Wisconsin

According to the City's website, Tax Increment Finance is an economic development tool to "leverage private development investment." It is a tool that has been available to municipalities since 1975 when the state legislature authorized the use of TIF as a "redevelopment vehicle for cash-strapped municipalities."

- **Redevelopment? Economic Development? Both?** TIF districts have been used for both economic development and redevelopment.
- **Who Approves the TIF?** The creation of a TIF must be approved by both Milwaukee Common Council and the Joint Review Board, which consists of representatives of the five taxing jurisdictions that share the property tax (City of Milwaukee, Milwaukee County, Milwaukee Area Technical College, Milwaukee Public Schools, Milwaukee Metropolitan Sewerage District). First, the project receives a hearing before the Joint Review Board. After an initial hearing before the Joint Review Board, the Redevelopment Authority of the City of Milwaukee holds a public hearing on the TIF project and votes on the project. Next, the Milwaukee Common Council's Zoning & Neighborhood Development Committee holds a hearing on the TIF project. Once adopted by the Committee, the project is either approved or rejected by the full Common Council. Upon adoption by the Common Council, the Joint Review Board makes a final recommendation on the project and it is forwarded to the Mayor for his/her ultimate approval.
- **How they work, generally.** Once the TIF project receives appropriate approvals, local assessors and the State of Wisconsin Department of Revenue determine a "base value" for all the property in the district. Any incremental assessed value is used to pay off the city's upfront investments in the district, with interest. State statute allows 27 years to pay off all TIF costs; the average payback period in the City of Milwaukee is approximately 15 years.
- **How many do they have?** Milwaukee has created 76 TIF Districts since the State of Wisconsin adopted TIF-enabling legislation. Forty-six are still active – that is, increment from the development is still being collected and applied to repay bonds issued to pay for TIF-financed activity. (Summaries of all TIF activities can be found at http://city.milwaukee.gov/MilwaukeeTIDprojectsummaries.htm)
- **Most recently adopted TIF district?** The last new TIF was created in 2010. The city had several TIF amendments in 2011.
- **Any currently pending?** No. However, Martha Brown, Deputy Commissioner, expects either new TIFs or TIF amendments this year (2012).
- **HoTIFs?** The City of Milwaukee has used TIF to provide infrastructure development to create several central city subdivisions. The first of these, *City Homes*, provided infrastructure funding (streets, streetlights, new sewer and water, etc.) as well as funds to write down sales prices for the initial new homes built in the subdivision and to build a loan fund for low-cost home improvement financing for nearby existing properties. According to Ms. Brown, this was an extremely successful project. The second, *Lindsay Heights*, was a partnership between the City and the state's housing finance authority, and involved building infill homes in a neighborhood with many City-owned vacant lots. Again according to Ms. Brown, that one also was very successful. The City subsequently developed two more subdivisions, using TIF for infrastructure. Unfortunately, the timing was lousy on those two – both were implemented during the recession, and so far only model homes have been developed and sold. While the city served as the

developer for *City Homes*, the other two subdivisions were done as partnerships with private developers, where the city is currently negotiating to take back the property. Ms. Brown anticipates that these subdivisions will be built out as the new home market strengthens.

- **Overall Benefit? Are these things that would have occurred otherwise?** According to Ms. Brown, the use of TIF has been a powerful tool for a very wide variety of development activity within Milwaukee. TIF revenues have supported the creation of industrial parks, central city subdivisions, retail complexes, corporate headquarters, office buildings, cultural facilities and the Riverwalk. “There is no question the development, redevelopment, brownfields reclamation and job growth have all occurred as a result of TIF. It is the city’s most significant tool to finance large-scale development.”
- **Lessons learned?** According to Ms. Brown, 1) every deal is different. Because of this, Milwaukee has chosen to administer its TIF under some pretty broad guidelines, rather than having strict rules about what can be considered for TIF. They’ve done some pretty creative things; the best have involved public-private partnerships. 2) A municipality needs first-rate expertise to do the financial analysis and structure TIF deals. Ms. Brown says that, “they have an outstanding internal staff, and they also have a long-standing relationship with a third-party consultant who is involved in evaluation and structuring of larger projects involving TIF. They bring that consultant into conversations with developers, and have found that to be extremely helpful. In addition, staff in the Office of the Comptroller have developed significant expertise in TIF, and does its own independent analysis when they bring a deal forward for Common Council approval.”

Sources:
Department of City Development, Business Toolbox website
TIF Explanation publication
*Martha L. Brown, Deputy Commissioner, Dept of City Development, (414)286-5810**
Lori Lutzka, Senior Economic Development Specialist, City of Milwaukee

Charlotte, North Carolina

The City of Charlotte (and Mecklenburg County) uses what is called Synthetic Tax Increment Grants as a public/private partnership tool to advance economic development and land use planning goals. Neither the City of Charlotte, nor Mecklenburg County issues debt or backs debt through the STIG tool. It is not a traditional TIF tool as usually thought of and requires no TIF Authority or other additional oversight. It has no impact on debt ratings. It is simply a reimbursement tool for infrastructure or other public benefits constructed by the developer, who must secure all financing privately. The source of the reimbursement is a percentage of actual, incremental taxes paid by the developer. The developer bears all risk in the application of this tool.

- **Redevelopment? Economic Development? Both?** Both. All STIG’s are project-based inclusive of all parcels related to project. The City typically funds infrastructure (mostly roads) for the projects in meeting public purpose and provides the framework for further development.
- **Who Approves the STIG?** City Council and County Commission approve projects, although Mecklenburg County does not participate in all STIG projects.
- **How they work, generally.** Synthetic TIG does not require the designation of a district as required by self-financing bonds and utilizes locally approved funds, which is repaid by 90% or 45% of the incremental property tax growth generated by the development. All are project-based. The total amount of STIG awards cannot exceed 3% of the annual property tax levy in any given year. The STIG projects meet and exceed incremental tax projections, but the economy has slowed progress of related retail, office, and residential components of projects.
- **How many do they have?** 11
- **Most recently adopted STIG?** The last STIG project was approved by City Council in September 2011 for infrastructure improvements.
- **Any currently pending?** No new projects currently pending. However, three existing STIGs are being repositioned for Council approval, due to the real estate market.

- **HoTIFs?** The city has no housing STIG's; they finance affordable housing with bonds and a special Innovative Housing Fund.
- **Overall Benefit? Are these things that would have occurred otherwise?** Redevelopment & job growth opportunities have been very successful with the use of STIG financing. Tax values of projects, when built out, are typically 10x the baseline in the first five years. However, half of the city's eleven projects have been stalled by the economy.
- **Lessons learned?** A.C. Shull with the City's Economic Development Department has found that the timeframe for most projects, especially infrastructure funding, is extended in a depressed economy. Developers will not build roads until financing and retail /office/ residential construction is feasible within the market. For the projects that have stalled, a new development plan will be presented by the developers, and a new agreement negotiated with the City. Generally speaking, the project based STIG's do create a major catalyst impact outside the project geography with new investment and jobs.

Sources:
City of Charlotte Neighborhood and Business Services, Economic Development website
*A.C. Shull, Neighborhood & Business Services/Economic Development, (704) 336-2439**
Peter Q. Zeiler, Development and Investment Manager, Neighborhood & Business Services, (704) 432-2989
STIF Guidelines (electronic copy)

Nationally

The Council of Development Finance Agencies (CDFA) has assembled the enabling legislation, as well as other information, for Tax Increment Financing in 49 states and the District of Columbia. Arizona currently does not provide for Tax Increment Financing. The Council's state statute collection is part of CDFAs research and resource development for the Tax Increment Finance Coalition (TIFC), a CDFA program dedicated to sound practices, education and information sharing in tax increment financing.

The table on the following pages details state TIF legislation for the State of Indiana, and the five states discussed herein.

In CDFAs State-by-State Report, they explain that a lot of states are making, or are considering, amendments to their existing state enabling legislation to make flexibility and address concerns. The focus of these changes includes the following:

- "How much taxes can be captured, and from whom?" For example, In Nebraska up to 100% (rural) and 50% (urban) can be captured currently, and they are preparing legislation to ratchet it down to be a maximum of 7% everywhere. Some are excluding school taxes.
- Relaxing eligibility criteria (e.g. blight, distress, economic development), and expanding upon uses (e.g. affordable housing), so that TIF may be used in instances other than extreme dilapidation;
- How to better define TIF district boundaries when considering single projects, redevelopment areas, or mutli-use projects; and
- Longer duration limits, most likely the result of a downturn in the economy.

Sources:
CDFA website
TIF Coalition
CDFA Online Resource Database
CDFA-Stone & Youngberg TIF Webcast Series: The State of TIF in 2012 (Feb 9, 2012)
Tax Increment Financing, National Association of Realtors (November 2002)
Tax-Increment Financing: The Need for Increased Transparency and Accountability in Local Economic Development Subsidies, U.S. PIRG Education Fund publication (Fall 2011)

Thank you!

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Details of State TIF Legislation*

Component	Indiana	Ohio	Missouri	Tennessee	North Carolina	Wisconsin
Yr Authorized	1975	1976	1982	1945[4]	2004	1975
State Statute	IC 36-7-14, IC 36-7-15.1, IC 36-7-25	Title 57. Chapter 5709, Chapter 725, Chapter 1728	Chapter 99, Sections 800-865	13-20-2	All references to North Carolina General Statutes. Financing: Chapter 159 Article 6; City Redevelopment: 160A-515.1; City and County Development: 158-7.3	s. 66.1105
Terminology	Tax Increment Finance (TIF)	Tax Increment Finance (TIF)	Tax Increment Finance (TIF)	Tax Increment Finance (TIF)	Project Development Financing	Tax Increment Finance (TIF)
Eligible Tax Revenue	Property Tax	Property Tax	Property Tax, Income Tax, Sales Tax, Gross Receipts Tax, Economic Activity Tax; EATS; PILOTS	Property Tax	Property Tax	Property Tax
Financing Options	Tax Increment Revenue Bonds; Pay As You Go	GO Bonds; Private Activity Revenue Bonds; Pay As You Go; Loans; Appropriations; Special Assessments	GO Bonds (requires voter approval); Private Activity Revenue Bonds; Pay As You Go; Loans; Appropriations; Special Assessments; TIF Revenue Bonds	GO Bonds; Pay As You Go	GO Bonds (requires referendum); Pay As You Go; Appropriations	GO Bonds, Private Activity Revenue Bonds; Pay As You Go
Approval Agencies	City-County Council; City Council; County; Metropolitan Development Council	School Board/ District; City Council; County	City Council	TIF Commission; City Council; County	City Council (City only if issuer or party to joint agreement); County; State	Joint Review Board; City Council

[4] Virtually all academic and other material suggests that tax increment financing started in California; however data used to compile this comparison table suggests otherwise. Klemanski and others have discounted the earliest usage of tax increment financing, which dates back to the 1940s, and instead defer to the 1950s when tax increment financing first gained widespread usage. It became even more popular during the 1970s and 1980s as federal funding for local projects decreased.

Component	Indiana	Ohio	Missouri	Tennessee	North Carolina	Wisconsin
Requirements for District Creation	Redevelopment Need or Opportunity for Economic Development Requirement; "But For" Test; Public Hearings	Blight Requirement (only required for certain TIFs)	Blight Requirement; "But For" Test; Cost-Benefit Analysis; Public Hearings	Blight Requirement	"But For" Test; City Redevelopment requires Blight or Similar	"But For" Test; Cost-Benefit Analysis; Public Hearings
Max. Length of District	25 Yrs from date of debt issuance	30 Yrs	23 Yrs	Limited in the redevelopment plan	30 Yrs	23-27 Yrs, depending on type of development
Site Specific TIF Allowed?	Yes	Yes	Yes	Yes	Yes	Yes
Area Wide TIF Allowed?	Yes	Yes	Yes	Yes	Yes	Yes
Public Hearings Required for Authorization?	Yes	Yes	Yes	Yes	Yes	Yes
Public Hearings Required for Deal Approval?	Yes	No	Yes	No	No	Yes
Qualified Types of Projects	Residential; Commercial; Industrial; Mixed-Use	Residential; Commercial; Industrial; Mixed-Use	Residential; Commercial; Industrial; Mixed-Use	Residential; Mixed-Use	Residential; Commercial; Industrial; Mixed-Use	Residential; Commercial; Industrial; Mixed-Use
Eminent Domain Use Allowed?	Yes, in blighted areas only	Yes	Yes	Yes	Yes, under general law	Yes
Special Features	None	There are other TIF statutes that can be utilized in an urban redevelopment context in addition to the statutes cited	Under certain circumstances, a portion of the state sales tax or state withholding taxes for a project can be captured, with state approval	Tennessee statute 7-88-106 provides for sales tax increment financing, but only in the limited context of "Tourism Development Zones"	Can pledge any revenues available to issuer including sales tax payments from State, so long as not a pledge of full faith and credit of taxing party	None

*With the exception of the State of Indiana, all data in the table above is drawn from Council for Development Finance Agencies, 2008 TIF State-by-State Report (December 2008).